

**PURCHASED CARE
PAYMENT
AUTHORIZATION
PROCEDURES**

The Michigan Department of Health and Human Services (MDHHS) will authorize payments to an agency for care and services when a completed DHS-3600, Individual Service Agreement, exists. The DHS-3600 should be completed at placement but must be completed within 30 days of placement. The effective date must be included on the approved agreement. The rates for child caring institutions and placement agency foster care (PAFC) providers are located in [FOM 905-5, Rates for Child Care Institutions and PAFC Providers \(A-Z\)](#), and at [Residential, Foster Care, and Adoption Rates](#). MDHHS will make payment for authorized rates only when purchased care payment procedures outlined within this section of the manual were followed.

**Purchased Family
Foster Care
Licensed
Placement Agency
Foster Care
(PAFC) Provider**

The service authorization includes:

Maintenance Rate - See [FOM 905-3, Foster Care Rates](#).

Treatment/Administration costs - See [FOM 905-5, Rates for Child Care Institutions and PAFC Providers \(A-Z\)](#).

Treatment/Administration costs *can include the following:*

- Social services costs - social work, clerical, supervisory and administrative salaries and benefits (social security, retirement, insurance). Included are the salaries of supportive services such as bookkeeping, statistical procedures, planning, staff development, data processing, etc.
- Operational costs - travel, supplies, utilities, equipment, rent, professional fees, postage, conferences, subscriptions, organization dues, etc.

Treatment/Administration costs *cannot include the following:*

- Costs resulting from fundraising, religious services, parochial school tuition, chaplain services, donated goods or services, and payments to parent organizations.
- Payment of post placement (or aftercare) services. Payments for trial home visits can be paid outside of MISACWIS through the Federal Compliance Division (FCD). No payment of a treatment/administration rate from MISACWIS is allowable after a youth has returned home.

Case Service Payments - Expenses not included in the maintenance rate but which are available for children placed with MDHHS for care and supervision may be considered for authorization. These expenses are identified in [FOM 903-09, Case Service Payments](#) and can be reimbursed with documentation.

American Indian Child Administrative Rate - This rate is in addition to the regular PAFC administrative rate for Indian child welfare cases. The child must be a verified member or eligible for membership of a federally recognized tribe. The \$2.50 daily rate covers the additional activities necessary to comply with the Indian Child Welfare Act (ICWA) requirements. This rate is paid to the PAFC not the caregiver. Questions regarding ICWA requirements can be submitted to Native American Affairs at MDHHS-NAA-MIFPA@michigan.gov.

Note: This rate is entered as an add on cost in the child's service authorization. This is the same section that the determination of care (DOC) rate is entered.

Purchased Family Foster Care When a Child Is Placed in an Unlicensed Relative Placement

Title IV-E eligibility requires that the child's placement be licensed. Title IV-E cannot be used to fund a child's placement with an unlicensed relative.

When the child is a state ward (Michigan Children's Institute (MCI), Act 220, Act 296, or delinquent, Act 150), state ward board and care funding may be used to pay cost of care in an unlicensed relative placement including the treatment/administration rate. When the child is a court ward, limited term fund source is used.

Requirements related to licensing relative placements are found in [FOM 722-03B, Relative Engagement and Placement](#).

For a child who is otherwise eligible for title IV-E who has been placed in an unlicensed home, title IV-E funding cannot be used until the home is licensed. Once licensed, retroactive title IV-E payments can be made back to the effective date of the license if no Family Independence Program (FIP) or other payments from an alternate fund source were issued for the same time period. If the relative received FIP payments, they can enter into a repay agreement for the FIP payments. The relative must complete a DHS-4358-A, Notice of Over issuance, and a DHS-4358-B, Department and Client Error Information and Repayment Agreement. Follow local office procedures to process the DHS-4358-A and DHS-4358-B. These forms are to be attached to the placement service authorization and routed to the Federal Compliance Division for payments to be authorized in MISACWIS for these situations. If another fund source was used, reconciliation action in MISACWIS must be completed.

Purchased Residential Care

The authorization includes:

1. **The Institutional Rate:** See [FOM 905-5, Rates for Child Care Institutions and PAFC Providers \(A-Z\)](#). The rate includes all the institutional costs, including administrative, social service and child maintenance expenses. The institutional rate is to be authorized in MISACWIS.
2. **Case Service Payments:** Most case service payments are not available for children in institutional residential placements as these items are already included in the institutional rate. Special clothing allowances may be available for the youth. Additional support services intended to prevent placement disruption, such as one-on-one, may be available; see [FOM 903-09, Case Service Payments](#). The Division of Child Welfare Licensing (DCWL) consultant must be contacted for discussion. **Prior** approval must be obtained through DCWL for additional support services.

**Other Residential
Facilities**

Payments to facilities that are not licensed as PAFC providers or child caring institutions are not paid through MISACWIS. Title IV-E funds **cannot** be used for payment to these facilities.

**Non-Contracted
Placement
Approval Process**

Placement of a youth in a non-contracted agency may only occur if all contracted residential placement options that can meet the child's needs have been exhausted. Consideration will only be given to programs that have an MDHHS established rate.

Prior approval must be granted before the non-contracted placement can be made; see [FOM 722-03E, Placement Exception Requests and Approvals](#).

**Placement of an
Abuse/Neglect
Ward in a
Contracted JJ
Program**

An abuse/neglect youth may only be referred/admitted for juvenile justice residential services if written or verbal consent is obtained from the child's lawyer-guardian ad litem (L-GAL), the court, and an approved placement exception request (PER) prior to placement; see [FOM 722-03E, Placement Exception Requests and Approvals](#).

**Placement of a
Delinquent Ward in
a Contracted
Abuse/Neglect
Program**

For referral of a juvenile justice youth for contracted abuse/neglect residential services see [JJM 700, Juvenile Justice Assignment Unit Placement Process](#) and [FOM 722-03E, Placement Exception Requests and Approvals](#).